

United Nations Development Programme



Algeria

Norwegian Oil Company



COST-SHARING AGREEMENT

“Road of the Ksour” Project

2 April 2006

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**COST-SHARING AGREEMENT BETWEEN
THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)
AND NORWEGIAN OIL COMPANY STATOIL**

WHEREAS STATOIL Algeria AS, hereinafter referred to as STATOIL, having its registered office at Forus, 4035 STAVANGER, Norway, represented by Mr T.M.HALMØ, VP& CM, (title) is fully empowered to act under this contract,

Whereas the United Nations Development Programme (UNDP) and STATOIL have accepted to cooperate for the implementation of a project in Algeria called " Les Routes des Ksour"

WHEREAS STATOIL has informed UNDP of its willingness to contribute funds to UNDP on a cost-sharing basis towards implementation of the project "Les Routes des Ksour"

WHEREAS UNDP accepts to receive and administer the contribution for the implementation of the project,

WHEREAS the Government of Algeria has been duly informed of the contribution of the STATOIL to the project,

WHEREAS the "Ministère de l'Intérieur et des collectives locales "has been designated as national executing agency of the project;

NOW THEREFORE, UNDP and STATOIL hereby agree as follows:

ARTICLE I. PURPOSE

1. STATOIL shall in accordance with the schedule of payments set out below, contribute to UNDP an amount of 39.514.392 Algerian Dinars¹ (equivalent US\$ 550.800 according to UN exchange rate of march 2006, 71.74) for the implementation of the Project.

2. The contribution shall be deposited in the bank BNA, 45, Rue Didouche Mourad-Alger; N° 601.200.002.478/75. Titled/: UNDP Representative Dinars.

<u>Schedule of payments</u>	<u>Amount</u>
1 may 2006	50%
1 may 2007	25%
1 may 2008	25%

The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Donor with a view to determining whether any further financing could be provided by the Donor. Should such further financing not be

¹ Amount includes ISS at the rate of 3% +GMS at the rate of the 5% (see also Article IV a)

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available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP

3. The above mentioned schedule of payments takes into account the requirement that the payments shall be made in advance of the execution/implementation of planned activities. It may be amended to be consistent with the progress of project delivery.

This schedule of payments may be modified on joint agreement between the parties in order to take into account the progress made in the Project's achievement.

Notwithstanding paragraph 2 hereinbefore and paragraphs 2 and 3 of article 2, STATOIL's commitment is restricted to the financial contribution set forth in article 1.

4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.

5. All financial accounts and statements shall be expressed in United States dollars.

ARTICLE II. UTILIZATION OF THE CONTRIBUTION

1. The implementation of the activities and responsibilities of UNDP shall start upon receipt of the first amount of STATOIL's contribution, according to the schedule of payment as set out in Article I, paragraph 1, above.

2. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to STATOIL on a timely basis a supplementary estimate showing the further financing that will be necessary. Without being considered as a commitment, STATOIL shall use its best endeavours to obtain the additional funds required.

3. If the payments referred to in Article I, paragraph 1, above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 2 above is not forthcoming from STATOIL or other sources, the assistance to be provided to project under this Agreement may be reduced, suspended or terminated by UNDP.

4. Any interest income attributable to the contribution shall be credited to UNDP Account and assigned to the Project's implementation and/or any other activity agreed between STATOIL and UNDP.

ARTICLE III. ADMINISTRATION AND REPORTING

1. Project management and expenditures shall be governed by the regulations, rules and directives of UNDP and, where applicable, the regulations, rules and directives of the Executing Agency.

2. UNDP headquarters and country office shall provide to STATOIL all of the following reports prepared in accordance with UNDP accounting and reporting procedures.

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2.1 For Agreements of more than one year:

- (a) From the country office (or relevant unit at headquarters in the case of regional and global projects) every year, the status of project progress for the duration of the Agreement, as well as the latest available approved budget.
- (b) From UNDP Bureau of Management/Comptroller's Division, an annual financial statement certified by the Comptroller as of 31 December every year to be submitted no later than 30 June of the following year.
- (c) From the country office (or relevant unit at headquarters in the case of regional and global projects) within six months after the date of completion or termination of the Agreement, a final report summarizing project activities and impact of the activities as well as provisional financial data.
- (d) From UNDP Bureau of Management/Comptroller's Division, upon Project's completion a financial statement certified by the Comptroller to be submitted no later than 30 June of the year following the financial closing of the Project.

3. If special circumstances so require, UNDP may provide more frequent reporting at the expense of STATOIL. The specific nature and frequency of this reporting shall be specified in an annex of the Agreement.

4. UNDP shall give due notification of any meetings or missions during and at the completion of the project. STATOIL shall be invited to participate in such meetings or missions in accordance with UNDP's policies and procedures. The costs for the STATOIL participation shall be born by STATOIL.

ARTICLE IV. ADMINISTRATIVE AND SUPPORT SERVICES

1. In accordance with the decisions and directives of UNDP's Executive Board, the contribution shall be charged:

- (a) (5%) cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices;

2. The aggregate of the amounts budgeted for the project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the project under this Agreement as well as funds which may be available to the project for project costs and for support costs under other sources of financing.

ARTICLE V. EQUIPMENT

Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

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ARTICLE VI. AUDITING

The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP. Should an Audit Report of the Board of Auditors of UNDP to its governing body contain observations relevant to the contributions, such information shall be made available to STATOIL.

ARTICLE VII. ADVERTISEMENT OF THE CONTRIBUTION

1. STATOIL shall not use the UNDP name or emblem, or any abbreviation thereof, in connection with its business or otherwise without the express prior written approval of UNDP in each case. In no event will authorization be granted for commercial purposes, or for use in any manner that suggests an endorsement by UNDP of STATOIL, its products or services.

2. STATOIL acknowledges that it is familiar with UNDP's values and objectives and recognizes that its name and emblem may not be associated with any political or sectarian cause or otherwise used in a manner inconsistent with the status, reputation and neutrality of UNDP.

3. STATOIL may make representations to its shareholders, internal budget officials as required about the fact of the contribution to UNDP. Any other use of the UNDP name or emblem, and any other form of recognition or acknowledgement and/or for public relations purposes of the contribution of STATOIL, shall be subject to consultation between the Parties, and to prior written agreement of UNDP.

4. UNDP will report on the contribution to its Executive Board in accordance with its regular procedures regarding contributions from private donors. Other forms of recognition and acknowledgement of the contribution are subject to consultations between the Parties, but the manner of such recognition and acknowledgement shall be determined at the sole discretion of UNDP.

ARTICLE VIII. COMPLETION OF THE AGREEMENT

1. UNDP shall notify STATOIL on the completion of all the activities relating to the Project within 60 days from completion of the last activity.

However, UNDP shall notify STATOIL on the completion of each activity within 60 days from such completion.

2. Notwithstanding the completion of the project, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in the implementation of the project have been satisfied and Project activities brought to an orderly conclusion.

3. If the unutilized payments prove insufficient to meet such commitments and liabilities, UNDP shall notify STATOIL and consult with STATOIL on the manner in which such commitments and liabilities may be satisfied.

4. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with STATOIL.

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ARTICLE IX. TERMINATION OF THE AGREEMENT

1. After consultations have taken place between the Donor, UNDP and the programme country Government, and provided that the payments already received are, together with other funds available to the project, sufficient to meet all commitments and liabilities incurred in the execution of the project, This Agreement may be terminated by UNDP or by STATOIL. The Agreement shall cease to be in force 30 (thirty) days after either of the Parties have given notice in writing to the other Party of its decision to terminate the Agreement.

2. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized payments and liabilities incurred in implementation of the project up to the date of termination have been satisfied and project activities brought to an orderly conclusion.

3. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with STATOIL.

ARTICLE X. AMENDMENT OF THE AGREEMENT

The Agreement may be amended through an exchange of letters between STATOIL and UNDP. The letters exchanged and mutually agreed upon shall become an integral part of this Agreement.

ARTICLE XI. SETTLEMENT OF DISPUTES

1. The parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this agreement or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place, in accordance with the UNCITRAL Conciliation Rules then obtaining, or according to such procedure as may be agreed between the parties.

2. Any dispute, controversy or claim between the Parties arising out of or relating to this agreement or the breach, termination or invalidity thereof, unless settled amicably under the preceding paragraph within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, shall be referred by either party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The arbitral tribunal shall have no authority to award punitive damages.

The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute

ARTICLE XII- PRIVILEGES AND IMMUNITIES

Nothing in this agreement shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including UNDP.

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ARTICLE XIV NOTICES

All notices to be sent by a Party to the other in connection with this Agreement shall be validly sent by special courier, hand delivery with receipt, telefax and shall be sent to the other Party at the address set forth below or at such other address as the Party concerned shall communicate as required, by means of written notification to the other Party:

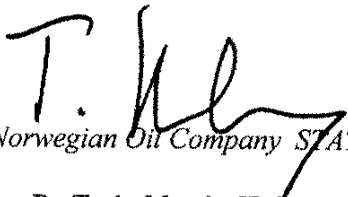
For UNDP: Dirk Boberg , Cc: Nesma Brahimi

For STATOIL: Per Henning Hanssen, Cc: Soumeïa Djilali

ARTICLE XV. ENTRY INTO FORCE

This Agreement shall enter into force upon signature and deposit by the STATOIL of the first contribution-payment to be made in accordance with the schedule of payments set out in Article I, paragraph 1 of this Agreement..

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English language in two original copies.



For Norwegian Oil Company STATOIL

Name: Dr Terje Martin Halmo

Title : Vice President & Country Manager

Date : 2. April 2006



For the United Nations Development Programme

Name : Marc Destanne de Bernis

Title : UNDP Resident Representative & UN Resident Coordinator

Date : 2 / 04 / 06

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